

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) For Authority to, Among Other Things, Increase Its Authorized Revenues For Electric Service in 2006, And to Reflect That Increase in Rates.

Application 04-12-014
(Filed December 21, 2004)

Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service and Facilities of Southern California Edison Company.

Investigation 05-05-024
(Filed May 26, 2005)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING A WAIVER OF RULE 51.2 AND
SHORTENING THE RULE 51.4 COMMENT PERIOD**

On November 2, 2005, Southern California Edison Company (SCE), the Coalition of California Utility Employees (CUE), and The Utility Reform Network (TURN), submitted a Joint Motion for Approval of Stipulation on Reliability Investment Incentive Mechanism. As part of that motion, the parties requested that comments on the proposed stipulation be due within 15 days, rather 30 days as specified in Rule 51.4. On November 2, 2005, SCE, CUE and TURN (collectively Parties) also filed a Joint Motion for Waiver of Rule 51.2. The Parties requested that the Commission waive the Rule 51.2 timing requirement for proposing stipulations, in order to consider the merits of the proposed stipulation.

By an Administrative Law Judge Ruling, dated November 10, 2005, responses to both requests were due November 14, 2005. No responses were received.

The Parties provide the following reasons for granting a waiver of the timing requirements of Rule 51.2:¹

First, despite their initial differences on reliability issues, the Parties continued to discuss these issues in an effort to resolve those differences. The stipulation the Parties are filing concurrent with this motion departs significantly from the type of incentive mechanism the Commission has previously adopted. The concept of this new framework and the details of its implementation required considerable effort on the part of the Parties. Even with those efforts and the desire of each of the Parties to resolve these issues equitably, SCE and CUE were unable to do so until mid-October 2005, and TURN did not join in the Stipulation until November 1, 2005, significantly after the conclusion of the main block of evidentiary hearings. The Commission has a continuing interest in alternative dispute resolution, such as this stipulation, and should consider it on its merits.

Second, the stipulation directly accomplishes the Commission's underlying interest in utilities maintaining or improving system reliability. The objective of the existing reliability mechanisms and those proposed by parties in this proceeding is to maintain or improve existing reliability. The existing mechanism attempts to accomplish this objective by rewarding or penalizing the utility based on its reliability performance, as measured by frequency and

¹ The Parties note that, if the update hearing were to be considered the last day of evidentiary hearing, the filing of the stipulation would be within the requirements of Rule 51.2. However, the issues addressed in the stipulation were not addressed in the update hearing, but rather in the main block of evidentiary hearing that concluded on July 14, 2005. Therefore, it would be appropriate to consider the merits of waiving the Rule 51.2 timing requirements.

duration of customer interruptions relative to benchmarks. Reliability is, in part, a product of prudent investment in and maintenance of utility infrastructure, and good training and management of the workforce. The mechanism the Parties propose requires that SCE make the investments ultimately authorized by the Commission or return the money to ratepayers, and requires SCE to add new people to the apprentice training pipeline or return money to ratepayers. Thus, the proposed stipulation is closely aligned with the Commission's objectives.

Third, the proposed stipulation is based on the evidentiary record already established. The investment categories SCE would be accountable for under the proposed mechanism have already been the subject of evidentiary hearings and briefing. The dollar amounts in those expenditure categories that SCE would be held accountable for are those the Commission adopts in its decision in this proceeding. Thus, even if one or more parties were to contest the proposed stipulation, the Commission can consider it on its merits without the need for further evidentiary hearings.

The request to waive the timing requirements of Rule 51.2 is reasonable and unopposed. It should be granted.

Also, the Parties' request to reduce the comment period on the proposed stipulation is unopposed. Due to the time sensitive nature of the proposed stipulation, as it relates to the upcoming proposed decision, the request should be granted.

IT IS RULED that:

1. The November 2, 2005 Southern California Edison Company (SCE), Coalition of California Utility Employees (CUE), and The Utility Reform Network (TURN) Joint Motion for Waiver of Rule 51.2 is granted.

2. Comments on the SCE, CUE, and TURN proposed stipulation on a reliability incentive mechanism shall be filed no later than November 18, 2005.

Dated November 17, 2005, at San Francisco, California.

/s/ DAVID K. FUKUTOME
David K. Fukutome
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Granting a Waiver of Rule 51.2 and Shortening the Rule 51.4 Comment Period on all parties of record in this proceeding or their attorneys of record.

Dated November 17, 2005, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.